

Commodity Futures Trading Commission
CEA CASES

NAME: GARVEY GRAIN, INC.

DOCKET NUMBER: STIPULATION 105

DATE: APRIL 29, 1968

DOCUMENT TYPE: STIPULATION OF COMPLIANCE

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Garvey Grain, Inc.

Stipulation of Compliance

Under the Commodity Exchange Act No. 105

The Secretary of Agriculture has reason to believe that Garvey Grain, Inc. has violated the provisions of the Commodity Exchange Act (7 U.S.C., Chapter 1) and the regulations of the Secretary of Agriculture promulgated thereunder. No complaint with respect to such violations has been issued and the said Garvey Grain, Inc. is desirous of disposing of the matter by entering into a stipulation of compliance as authorized by section 0.4(a) of the Rules of Practice under the Commodity Exchange Act (17 CFR, Part 0). Therefore, the said Garvey Grain, Inc. stipulates the following facts are true:

(1) Garvey Grain, Inc. is now and was at all times mentioned herein a registered futures commission merchant under the Commodity Exchange Act with an office and principal place of business at 300 W. Douglas, Wichita, Kansas 67202 and a branch office at 1680 Board of Trade Building, 141 West Jackson Boulevard, Chicago, Illinois 60604.

(2) As of March 15, 16, and 17, 1967, Garvey Grain, Inc. was undersegregated in the amounts of \$ 2,234.89, \$ 61,052.64 and

\$ 60,945.14, respectively. That is, the total amounts of customers' funds held in segregation in order to comply with requirements of section 4d(2) of the Commodity Exchange Act was insufficient, by the above amounts, to pay all credits and equities to customers.

(3) As of January 3 and 5, 1968, as a result of the manner in which it handled receipts on futures contracts for customers' accounts, Garvey Grain, Inc. was undersegregated in the amounts of \$ 160,653.19 and \$ 82,844.14, respectively. That is, the total amounts of customers' funds held in segregation in order to comply with the requirements of section 4d(2) of the Commodity Exchange Act was insufficient, by the above amounts, to pay all credits and equities due customers.

(4) Garvey Grain, Inc. failed to compute and keep a record as of the close of the market on any business day from June 1 through June 29, 1967, showing the amount of money, securities and property owing or accruing to its customers which it was required to have in segregated account for such customers in order to comply with the requirements of section 4d(2) of the Commodity Exchange Act.

(5) A previous instance of undersegregation as described in paragraph (2) above in the amount of \$ 24,269.25, occurred on June 20, 1966. Previous failures to compute and keep the daily

segregation record as described in paragraph (4) above occurred on five business days during the period June 24, 1966 through June 30, 1966, and on July 6 and 7, 1966. The previous instance of undersegregation and the earlier failures to compute and keep the daily segregation record were discussed with Mr. Robert J. Kuerten, an Assistant Treasurer of Garvey Grain, Inc. These matters were further brought to his attention in a letter dated July 26, 1966, from the Director, Accounting and Licensing Division, Commodity Exchange Authority. On 28 consecutive business days from September 18, 1962 to October 25, 1962, Garvey Grain, Inc. did not compute and keep the daily segregation record as described above. This failure was also discussed with Mr. Robert J. Kuerten.

The Commodity Exchange Authority has advised Garvey Grain, Inc. that the undersegregation described in paragraphs (2) and (3) above and the failure to compute and keep a record as described in paragraph (4) above was in violation of section 4d(2) of the Commodity Exchange Act and section 1.32 of the regulations thereunder.

The said Garvey Grain, Inc. agrees to desist from such acts and practices in the future. It further understands and agrees that this stipulation is admissible as evidence of such acts and practices in any future proceeding based upon acts or practices

in addition to those referred to herein which may be brought by the Secretary of Agriculture against it under the provisions of the said act. Garvey Grain, Inc. also understands that it is the practice of the Commodity Exchange Authority to issue press releases on stipulations of compliance and to make them a matter of public record.

Done at WICHITA , this

29TH day of APRIL 1968

Garvey Grain, Inc.

By: [SEE SIGNATURE IN ORIGINAL]

Witnessed by: [SEE SIGNATURE IN ORIGINAL]

LOAD-DATE: June 12, 2008

